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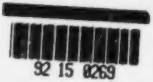
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549



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FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1992

Commission File Number 0-3578

Piedmont Management Company Inc.

(Exact name of registrant as specified in its charter)

Delaware	13-2612123
(State or other jurisdiction of corporation or organization)	(IRS Employer Identification Number)

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80 Maiden Lane, New York, N.Y.
10038
(Address of principal executive offices)
(Zip Code)

Registrant's telephone number, including area code: (212)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO _

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

Common Stock - $.50 Par Value
Authorized 12,000,000 Shares
2,526,459 Shares Issued and Outstanding
(Includes 265,000 Shares of Treasury Stock)

Class B Stock - $.50 Par Value
Authorized 6,000,000 Shares
2,657,694 Shares Issued and Outstanding

Part I. Financial Information

Piedmont Management Company Inc. and Subsidiaries
Consolidated Statements of Operations

Three Months Ended March 31, 1992 and 1991 (Unaudited)

	1992	1991
Reinsurance Operations:		
Net premiums earned	$32,816,771	$ 23,046,824
Net investment income	5,309,873	5,528,797
Realized capital gains (losses)	1,025,015	(201,345)
Total revenues	39,151,659	28,374,276
Losses and loss adjustment expenses	23,737,126	19,871,004
Acquisition and other underwriting expenses	13,476,943	8,020,399
	37,214,069	27,891,403
Reinsurance operating income	1,937,590	482,873
Investment Advisory Operations:		
Advisory, counseling fees and other income	3,938,636	3,794,825
Service and marketing costs	3,660,088	3,607,118
Investment advisory operating income	278,548	187,707
Parent Company:		
Investment and other income	127,011	154,569
Interest expense	196,851	341,389
Other corporate expenses	402,027	661,976
Parent company operating loss	(471,867)	(848,806)
Income (loss) before equity in net earnings of investees and provision (credit) for income taxes	1,744,271	(178,226)
Equity in net earnings of investees	679,265	592,491
	2,423,536	414,265
Provision (credit) for income taxes:		
Current	858,505	596,502
Deferred	(478,822)	(663,212)
	379,683	(64,710)
Net income	$ 2,043,853	$ 478,975
Earnings per common share (Exhibit 1):		
Net income	$.36	$.09

See accompanying Notes to Financial Statements.

Piedmont Management Company Inc. and Subsidiaries
Consolidated Balance Sheets

	3/31/92 (Unaudited)	12/31/91 (Audited)
Assets:		
Investments:		
Fixed maturities	$230,643,230	$179,807,584
Equity securities	56,235,530	46,824,094
Short-term investments	49,603,762	110,737,563
Total investments	336,482,522	337,369,241
Cash	12,270,391	16,855,794
Investment in and advances to investee companies	19,097,932	18,415,504
Accrued interest and dividends receivable	4,304,907	3,531,366
Premiums receivable and reinsurance recoverable	44,660,161	46,834,125
Deferred policy acquisition costs	9,650,000	9,772,000
Deferred income taxes	10,484,607	8,791,386
Other assets	32,334,277	32,314,001
Total assets	$469,284,817	$473,883,417
Liabilities and Stockholders' Equity:		
Outstanding losses and loss expenses	$288,043,430	$284,446,043
Unearned premiums	38,271,679	41,303,004
Loan payable	13,475,000	14,000,000
Expenses, taxes and other liabilities	14,180,676	15,734,609
Total liabilities	353,970,785	355,483,656
Stockholders' equity:		
Capital stock:		
Preferred stock, $1 par value, authorized 2,000,000 shares; cumulative convertible Series A shares issued: 1992, 249,261; 1991, 249,408	249,261	249,408
Common stock, $.50 par value, authorized 12,000,000 shares; shares issued: 1992, 2,526,459; 1991, 2,524,965	1,263,229	1,262,482
Class B stock, $.50 par value, authorized 6,000,000 shares; shares issued: 1992, 2,657,694; 1991, 2,657,694	1,328,847	1,328,847
Paid-in capital	27,465,948	27,457,249
Unrealized appreciation on investments and foreign translation adjustment, net of deferred income taxes	42,464	5,083,162
Retained earnings	86,686,783	84,741,113
Less cost of treasury stock (265,000 shares common, 53,000 shares preferred)	(1,722,500)	(1,722,500)
Total stockholders' equity	115,314,032	118,399,761
Commitments and contingencies		
Total liabilities and stockholders' equity	$469,284,817	$473,883,417

See accompanying Notes to Financial Statements

Piedmont Management Company Inc. and Subsidiaries
Consolidated Statements of Cash Flows

Three Months Ended March 31, 1992 and 1991 (Unaudited)

	1992	1991
Cash flows from operating activities:		
Net income	$ 2,043,853	$ 478,975
Adjustments to reconcile net income to net cash from operating activities:		
Realized capital (gains) losses	(1,025,015)	201,345
Outstanding losses and loss expenses	3,597,387	(3,396,184)
Unearned premiums	(3,031,325)	458,224
Premiums receivable and reinsurance recoverable	2,173,944	(3,771,277)
Deferred acquisition costs	122,000	626,000
Amortization of bond premium, net	116,925	121,992
Equity in net earnings of investees	(679,265)	(592,491)
Other liabilities	(1,991,616)	(8,587,384)
Income taxes payable	858,505	656,979
Deferred income taxes	(478,822)	(663,212)
Accrued interest and dividends	(773,541)	(1,448,728)
Other assets	(963,915)	(2,523,246)
Effect of foreign translation	-	32,048
Total cash flows from operating activities	(30,885)	(18,404,959)
Cash flows from investing activities:		
Net sales and maturities of short term investments	34,702,665	6,060,830
Sales/maturities of fixed maturities and equity securities	45,551,415	40,793,188
Purchases of fixed maturities and equity securities	(84,293,116)	(34,954,301)
Effect of foreign translation	-	(323,031)
Total cash flows from investing activities	(4,038,818)	13,576,686
Cash flows from financing activities:		
Repayment of loans	(525,000)	-
Proceeds from exercise of stock options	9,300	-
Total cash flows from financing activities	(515,700)	-
Effect of foreign translation on cash	-	290,983
Net decrease in cash	(4,585,403)	(4,537,290)
Cash balance, beginning of year	16,855,794	16,813,649
Cash balance, end of period	$12,270,391	$12,276,359
Supplemental cash flow disclosure:		
Income taxes paid	-	-
Interest paid	$240,115	$352,500

See accompanying Notes to Finapcial Statements.

Piedmont Management Company Inc. and Subsidiaries
Notes to Financial Statements

Three Months Ended March 31, 1992 and 1991 (Unaudited)

(1) Basis of Presentation:

The interim financial information presented is unaudited. In the opinion of Company management, all adjustments necessary to present fairly the consolidated financial position and the results of operations for the interim periods have been made. Certain 1991 amounts have been reclassified to conform with the 1992 presentations. The financial statements should be read in conjunction with the financial statements and related notes in the Company's 1991 Annual Report on Form 10K.

(2) Accounting Change:

During 1990, The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 106 (SFAS No. 106) requiring employers to accrue the cost of retiree health and post retirement benefits other than pensions by the date the employee is fully eligible to receive the benefits. The Company's policy was to expense these costs as they were paid. In 1991, management completed a study of the impact of the required change in accounting for its post retirement benefits and, accordingly, the Company adopted SFAS No. 106 effective in the first quarter of 1992. The effect of this accounting change is not material to the results of operations or financial position of the Company.

(3) Reclassification and Exchange of Class B Stock:

In March 1992, the Company announced that its Board of Directors approved a plan to reclassify its outstanding Class B Stock, currently having ten votes per share, as Common Stock, having one vote per share. The plan is subject to approval by stockholders who will be voting on the proposed share reclassification at the Annual Meeting of Stockholders, scheduled for May 28, 1992. The reclassification will not affect the Company's book value, net income or earnings per share.

(4) Accounting for Income Taxes:

In February 1992, The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS No. 109). Although adoption of this new accounting standard is not required before the first quarter of 1993, its provisions will require, among other things, use of the liability method in accounting for income taxes as well as adjustments to deferred taxes for the effect of changes in enacted tax rates.

At present, management has not determined the effect implementation of SFAS No. 109 will have on its financial statements.

Piedmont Management Company Inc. and Subsidiaries

Management's Discussion and Analysis of the Consolidated Statements of Operations and Financial Condition

Three Months Ended March 31, 1992 and 1991

Consolidated Results of Operations

Net income for the period was $2.0 million, $0.38 per share, as compared to $479,000, $0.09 per share, for the first quarter of 1991. A discussion and analysis of results of operations on a segment basis follows.

Reinsurance Operations

Reinsurance pre-tax operating income improved to $1.9 million in 1992 from $483,000 a year earlier. The 1992 results include capital gains realized on sales of securities in the amount of $1.0 million in comparison to realized capital losses in the amount of $201,000 in 1991.

Overall reinsurance industry conditions continued soft. Property/casualty rates on balance have remained level to slightly ahead of last year. There is an excess of capacity in the facultative market while, in treaty, pricing was flat with recent periods, with no real signs of tightening in terms and conditions.

At The Reinsurance Corporation of New York (RECO) net premiums earned increased 42% compared to a year ago. This is essentially the result of new and renewal treaties written in recent periods covering primarily non-standard personal auto business. The combined ratio in the first quarter, computed on a generally accepted accounting principles basis, was 113.4%, down from 121.0% in the first quarter of 1991. This favorable change in underwriting results is mainly attributed to the increase in business written this year coupled with less severe property loss activity in comparison to 1991.

Net investment income in 1992 was $5.3 million, a narrow decline from $5.5 million earned a year ago, reflecting decreasing interest rates during the past year.

Investment Advisory Operations

Investment advisory pre-tax income improved to $279,000 in the first quarter of 1992 compared with $188,000 a year ago. In general, management fees earned and operating expenses for Lexington Management Corporation were on par with 1991. Total assets under management were level with year end 1991. The main contributing factor to the improved investment advisory results was the reduction in the combined operating loss for Lexington Capital Management and Lexington Plan Administrators.

Parent Company and Investees

The pre-tax loss for the parent company also declined, to $472,000 from $849,000 a year ago. Although lower interest rates and a lower base of invested assets resulted in reduced investment income, corporate expenses also declined significantly, mainly due to a decreased level of compensation expenses. Interest expense was also lower, down 42%, due to falling rates and a $2.5 million reduction in the amount of the bank loan payable.

Equity in net earnings of investees was $679,000 for 1992, compared to $592,000 for 1991. In the current year, RECO's equity in the net income of Continental National Corporation, a new equity investee, was $257,000. In 1991, RECO's equity in net income of United Reinsurance Corporation (acquired by RECO at the end of 1991 but formerly an equity affiliate) was $173,000. The Company's

equity in net income of the Navigators Group, Inc. was $422,000. This compared favorably with the prior year's share of net income of $419,000.

The Company's provision for income taxes in each period was based upon the alternative minimum tax regulation. An increase in current taxable income, which reflects the increase in operating income in general, resulted in a higher current tax expense for the 1992 period. This expense was offset somewhat by a deferred tax benefit.

Liquidity and Financial Condition

The discussion of "Liquidity and Financial Condition" in the Company's Annual Report on Form 10-K for 1991 is incorporated herein by reference and should be read in conjunction with the following.

The Company's financial condition remains strong. Total assets on March 31, 1992 were $469.3 million, of which $348.8 million (74%) were invested assets and cash. The portfolio of fixed maturities, carried at $230.6 million, is mainly comprised of U.S. Government bonds and high quality (rated AA) corporate issues. The average maturity of these bonds was 6.3 years. There are no real estate investments or bonds rated below investment grade in the portfolio. Two bonds remain in default and are non-income producing. The combined carrying value of these bonds was 4.4% of invested assets.

As reported in the consolidated statement of cash flows, total cash flows from operating activities in 1992 improved in comparison to 1991. The increase in premiums written and reduction in paid loss activity from the prior year accounts for a major portion of the improvement. The Company expects to collect $10.6 million in recoveries from loss portfolio transfers executed in prior years during the second quarter. This will further enhance cash flow from operations. Management believes internally generated cash will continue to be sufficient to meet the Company's ongoing cash requirements.

With reference to cash flows from investing activities, the Company trades a portion of its bond portfolio to maximize total after-tax investment return. During 1992, proceeds from the sales of short term investments were reinvested into intermediate term bonds as well as common equity securities.

With respect to cash flows from financing activities, the Company repaid $525,000 of its bank loan during 1992. Under the terms of the loan agreement, $2.1 million is expected to be repaid by the end of 1992.

Consolidated stockholders' equity on March 31, 1992 was $115.3 million, down $3.1 million from the 1991 year end, and after a $5.0 million reduction for the change in market values of fixed maturities and equity securities.

Exhibit to Part I

"Computation of Earnings Per Common Share and Common Equivalent Share for Three Months Ended March 31, 1992 and 1991"

Part II. Other Information

Piedmont Management Company Inc. and Subsidiaries

Three Months Ended March 31, 1992 and 1991

Item 6. Exhibits and Reports on Form 8-K

On January 8, 1992, a report on Form 8-K was filed incorporating the Company's announcement of two acquisitions by its reinsurance subsidiary, The Reinsurance Corporation of New York.

Other items under Part II have been omitted since they are either not required or are not applicable.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PIEDMONT MANAGEMENT COMPANY INC.

Date: May 15, 1992

By _____
Robert M. DeMichele, President
(Chief Executive Officer)

Date: May 15, 1992

By _____
Peter J. Palenzona, Senior Vice President
Finance and Administration
(Chief Financial Officer)

Piedmont Management Company Inc. and Subsidiaries
Computation of Earnings Per Common Share and
Common Equivalent Share

Three Months Ended March 31, 1992 and 1991 (Unaudited)

	1992	1991
(A) Earnings per common share and common equivalent share:		
Number of common shares:		
Issued (weighted average)	5,183,669	5,158,140
Less treasury stock	(265,000)	(265,000)
Outstanding for period	4,918,669	4,893,140
Common equivalent shares (two common for each preferred share)	392,506	414,563
Average stock options outstanding (net of repurchased shares under the treasury stock method)	33,061	1,432
	5,344,236	5,309,135
Net income	$ 2,043,853	$ 478,975
Earnings per common share and common equivalent share	$.38	$.09
(B) Earnings per common share assuming full dilution:		
Number of common shares:		
Outstanding for period	4,918,669	4,893,140
Common equivalent shares (two common for each preferred share)	392,506	414,563
	5,311,175	5,307,703
Average stock options outstanding (net of repurchased shares under the treasury stock method)	44,124	2,241
	5,355,299	5,309,944
Net income	$ 2,043,853	$ 478,975
Earnings per common share and common equivalent share	$.38	$.09

NOTE: Earnings per common share and common equivalent share in 1992 and 1991 were computed based upon the weighted average number of common and class B shares outstanding assuming full conversion of common stock equivalents.